



**SECRET**

UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON 25, D.C.

CIVIL ACCOUNTING AND  
AUDITING DIVISION

JUN 28 1962

Document No. \_\_\_\_\_  
Review of this document by CIA has  
determined that

- ☐ CIA has no objection to release  
☒ It contains information of CIA  
interest that must remain  
classified at TS S  
Authority: NSA 70-3  
☐ It contains nothing of CIA interest

Date 26-3-81 Reviewer 06198

25X1A9a [REDACTED] Deputy Comptroller, CIA

25X1A5a1 Subject: [REDACTED]

Reference is made to your letter dated March 14, 1962, to the Director, Civil Accounting and Auditing Division on the subject contract. As requested by you, our [REDACTED] Office audit staff ceased pursuing their examinations into the details of cost under the subject contract on or about March 9, 1962. Prior to this date, however, preliminary information had been developed which indicates that [REDACTED] may have realized excessive profits under contract No. [REDACTED] summarized below, information obtained from contractor's records shows that [REDACTED] profits may have been as high as 57 percent of cost rather than the estimated 10 percent of cost used in contract negotiations.

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Estimated      Actual

Cost  
Profit  
Contract price

Ratio of profit to cost

25X1A5a1 Our staff was advised by a [REDACTED] that late billings might add a few hundred dollars to the actual costs set forth above.

The limitations on the GAO audits of CIA activities preclude us from any examinations into this contract because it is financed from unvouchered funds, and therefore the matter is referred to you in accordance with our telephone conversation today, so that the Agency may make appropriate follow-up.

We would appreciate being advised of any actions you might take on this matter.

*E. L. Pahl*  
E. L. Pahl  
Supervisory Accountant